

February 26, 2019

The Honorable Eloise Gómez Reyes  
California State Assembly  
State Capital Room 2175  
Sacramento, CA 95814

Subject: **Support of AB 213**

Dear Assembly Member Reyes:

The California Association of Local Agency Formation Commissions (CALAFCO) is pleased to support **Assembly Bill 213**. This bill would restore funding to approximately 140 cities that had annexed inhabited territory in reliance on previous financial incentives, then suffered significant fiscal harm when those funds were swept away due to the passage SB 89 (2011). The bill also offers similar incentives to support future annexations of inhabited territory to improve services to affected residents consistent with state Local Agency Formation Commission (LAFCo) policies.

CALAFCO believes the VLF gap created by SB 89, one of the 2011 budget bills, created a financial disincentive for future city incorporations and annexations of inhabited territory. Further, it created severe fiscal penalties for those communities which chose to annex inhabited territories, particularly unincorporated islands. In several previous legislative acts the Legislature had directed LAFCos to work with cities to annex unincorporated inhabited islands. The loss of financial incentive for these inhabited annexations has made it difficult for LAFCos to follow this legislative directive. According to many of our members, the number of inhabited annexations has been reduced to approximately half of what they were prior to the loss of revenue resulting from SB 89.

Reinstating revenues for annexations is consistent with the CALAFCO legislative policy of providing communities with local governance and efficient service delivery options, including the ability to annex. The inability to do so creates a tremendous detriment to the creation of logical development boundaries and to the prevention of urban sprawl. Because **AB 213** reinstates a critical funding component to cities who previously annexed inhabited territory and did so relying on this financing, and to those cities who annex inhabited territory in the future, CALAFCO supports this bill.

Thank you for carrying this important legislation. We look forward to working with you in support of this measure. Please do not hesitate to contact me with any questions you may have on our position.

Sincerely,



Pamela Miller  
Executive Director

Cc: Dan Carrigg, Deputy Executive Director and Legislative Director, League of CA Cities